

Summer 2001

IN THIS ISSUE:

Message From the Project Director	1
SB 870 Expands Consumer Options	1
Sales Update & Profile of Buyers	2
Introducing New CPLTC Staff	2
A Satisfied LTC Consumer	3
Continuing Education Information	3
Tax Qualified Limits Adjusted	3
Medi-Cal Q&A	4
Clip Out Art Work	4
List of Top Producers	5
CPLTC & Policy Provider Contacts	6
New Care Coordinator	6
In Brief	6



Message From The Project Director

Sandra Pierce-Miller

Many thanks to all of the agents who attended the Agent Seminars and Marketing Roundtable Discussions held in Woodland Hills and Sacramento in May. Since then, I have

CALIFORNIA PARTNERSHIP NEWS

A PROGRAM OF THE CALIFORNIA DEPARTMENT OF HEALTH SERVICES

Visit our Web site at www.dhs.ca.gov/cpltc.

received letters and have spoken to many of you who thoroughly enjoyed the educational seminars and would like to see more conducted.

I would also like to thank Transamerica Occidental Life Insurance and New York Life Insurance for their generous support and sponsorship of the Agent Seminars.

The Agent Seminars and Marketing Roundtable Discussions were the first in a series of advanced seminars developed by the Partnership. These seminars were designed for agents already trained in the initial eight-hour course. We presented additional training material to educate agents on topics that could make them more successful in the marketplace.

Seminar topics included: Consumer Education; Medi-Cal Asset Protection; Care Coordination; Senate Bill 870 and Residential Care Facilities for the Elderly; the Partnership Web Site; and Understanding the Consumer. The seminars were followed by marketing roundtable discussions where top producers spoke about successful sales techniques.

Consumer Education

The Partnership has made great efforts to educate consumers on the topic of long-term care and the benefits of long-term care insurance. I have been interviewed by newspapers, such as the Oakland Tribune and the Sacramento Bee, and have appeared on television

See page 5, Director's Message

Added Protection, Flexibility Ushered in Under New Law for Long-Term Care Insurance Policyholders

Californians relying on long-term care insurance will enjoy expanded consumer protections and options when state Senate Bill (SB) 870 becomes effective July 1. The provisions of SB 870 apply to all long-term care insurance policies sold in the state of California. Although SB 870 is set to take effect July 1, Assembly Bill (AB) 1178 may extend the date to October 1, pending legislative and the governor's approval.

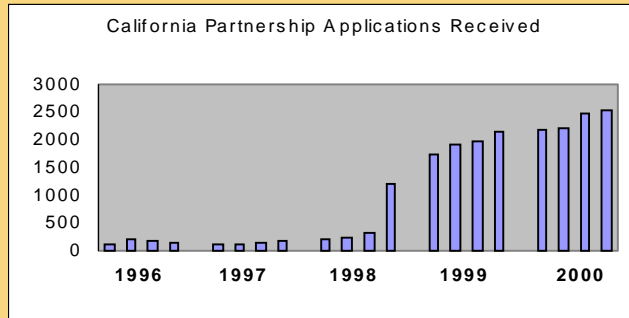
The far-reaching bill, authored by Senator John Vasconcellos (D-San Jose), fundamentally enhances all long-term care policies offered to Californians. The most important change is the requirement that all long-term care policies include residential care facility coverage at no less than 70 percent of the nursing facility benefit. Previously, only Partnership-certified policies had automatically included coverage of residential care facilities of at least 50 percent.

"This is a clear victory for Californians facing the difficult and costly issues of long-term care," says Sandra Pierce-Miller, Project Director for the California Department of Health Services' California Partnership for Long-Term Care. "Californians are now better protected, have more options and will enjoy greater safeguards as they address the issues of aging and long-term care. SB 870 clarifies and streamlines many aspects

See page 4, SB 870

Sales Update

Since the policy redesign in the fourth quarter of 1998, the rate of applications increased dramatically and has remained high. In 2000, Partnership policy sales accounted for over 35% of all long-term care insurance sales by our partner companies, excluding CalPERS. **Overall, more than 20,000 Partnership policies have been sold.**



Who is Buying Partnership Policies in the First Quarter of 2001?

- The median age of the purchasers was 62
- 58% were female
- 69% were married
- 91% bought comprehensive policies
- 93% were first-time purchasers
- 13% bought one-year policies
- 17% bought two-year policies
- 19% bought three-year policies
- 15% bought four-year policies
- 5% bought five-year policies
- 31% bought lifetime policies

Expertise, Experience Mark New Partnership Staff

As the foundation of our commitment to providing agents and consumers with the best possible service, the California Partnership for Long-Term Care selects its program staff with great care. The excellent qualifications of our team members, including the three most recent additions featured here, keep the Partnership running smoothly.

Brenda Bufford

Brenda Bufford, Deputy Director, oversees daily operations, including budgeting and



personnel management. She has over 18 years of progressive managerial and administrative experience in the field of finance and financial aid. As a Certified Personal Financial Analyst, she has taught many families how to plan for their retirement while reducing overall debt. In addition to holding a Bachelor's Degree in Political Science/Public Service from UC, Davis, and a Master's Degree in Public Administration from the University of La Verne, Brenda also holds a Life Agent License from the State of California.

Keith Parsley

Keith Parsley, Analyst, is responsible for monitoring and approving Care Management Provider Agencies, approving training curriculums, and is the agent liaison. For the past five years, as a representative of the Medi-Cal Estate Recovery program, Keith worked closely with the CPLTC addressing estate recovery issues as they related to the purchase of a Partnership product. Keith has been with the Department of Health Services for over eleven years. He holds a Bachelor's Degree in Business Administration from CSU, Sacramento.



Jack Sanders

Jack Sanders, Analyst, fields questions from agents and consumers. He also works on



bill analysis and regulation writing and will be training on policy review. Jack formerly worked at the Producer Licensing Bureau of the Department of Insurance. He was the senior member of the Education Unit, responsible for reviewing and approving many of the long-term care courses. Jack was with the Department of Insurance for over nine years. He holds a Bachelor's Degree from Oregon State University and an MBA from Golden Gate University.

Reluctant Decision Provides Quality of Life and Satisfaction for LTC Consumer

Peter Liebeskind wasn't enthusiastic when his wife, Sylvia, suggested they buy long-term care insurance. After all, he reasoned, they actively pursued good health – they didn't smoke, ate right and exercised regularly. Why take on the extra expense? Luckily his wife persevered -- after purchasing the policy in 1996, Peter was diagnosed with esophageal cancer.

"The shock of the diagnosis hit us like a brick wall," says Sylvia.


Sylvia promised her husband she would take care of him at their home in Riverside. Long-term care insurance allowed Sylvia to keep her promise to her husband and lifted some of the burden of anxiety brought on by his terminal illness.

The professional care coordination and well-organized, prompt delivery of long-term care

benefits provided by her husband's policy eased Sylvia's transition from wife to full-time caregiver. By the end of the 30-day deductible period, everything was in place to allow Sylvia to care for her husband at home – a hospital bed, supplies and assistance with household tasks.

"Long-term care insurance has given me more than I'll ever have to pay."

"It was heartwarming to know that there were people there to respond to our needs quickly and with sympathy," said Sylvia.

Sylvia firmly believes that long-term care insurance is well worth the price. "Nobody in this country should just have health insurance – long-term care insurance is a necessary extension of that support and peace of mind," said Sylvia. "It's an added expense, but long-term care insurance has given me more than I'll ever have to pay." 



These Continuing Education providers are approved by the Department of Insurance and the Department of Health Services. They all offer the training required by the Partnership.

The Partnership does not endorse any particular course. All courses must follow the outline developed by the Partnership. Please call the providers below for their list of scheduled classes or visit their Web sites for detailed information.

Tom Orr
Senior Insurance Training Services
 670 W. Napa Street, Suite M
 Sonoma, CA 95476
 Tel. (800) 460-7487
 Fax (707) 939-9599
 www.tomorr.com
 Multiple instructors

Sandi Miley
Miley Education & Insurance
 990 Highland Drive, Suite 201
 Solano Beach, CA 92075
 Tel. (858) 509-9599
 Fax (858) 793-8375
 sandimiley@yahoo.com
 Single instructor

Sandi Kruse
Sandi Kruse Insurance Training
 P.O. Box 786
 Bonita, CA 91908-0786
 Tel. (800) 517-7500
 Fax (619) 421-8171
 www.kruse.com
 Multiple instructors

IRS Adjusts Tax Qualified Limitations for 2001; Inflation Results in Increase

The Internal Revenue Service (IRS) has released Rev. Proc. 2001-13, providing the inflation adjustments for "eligible long-term care premiums" for 2001. Maximum deductions for qualified long-term care insurance premiums are established by Internal Revenue Code ("Code") § 213(d). Under the Code, those amounts are adjusted for increases in the medical care cost component of the consumer price index.


The new maximum qualified long-term care premium deductions are shown in the table at right, along with the figures for tax year 2000 for comparison.

The premium limitations for Tax

Qualified Long-Term Care Insurance for 2001 reflect an increase of 4.2% from 2000.

All policies certified by the California Partnership for Long-Term Care are tax qualified.

Maximum Deduction for Qualified LTC Insurance Premiums Under Code § 213(d)(10)		
Attained Age Before Close of Year	2001	2000
40 or Less	\$ 230	\$ 220
41 - 50	\$ 430	\$ 410
51 - 60	\$ 860	\$ 820
61 - 70	\$2,290	\$2,200
71 or More	\$2,860	\$2,750

The Partnership's Web site at www.dhs.ca.gov/cpltc also addresses tax qualified limitations and other related issues. 



Medi-Cal Eligibility and Estate Recovery

At the recent Agent Seminars and Roundtable Discussions held in May, CPLTC Analyst Keith Parsley presented some examples of asset protection, Medi-Cal eligibility and share of cost. The following example of the Medi-Cal look-back period is being provided to clarify this issue.

Q: How does the look-back period affect a person's eligibility for Medi-Cal benefits?

A: In California, any transfer of a non-exempt asset (also called "countable") within 30 months of an individual's application for Medi-Cal for nursing facility level of care may result in a period of ineligibility. This period of ineligibility will only apply to the nursing facility level of care and, if otherwise eligible, the individual would be eligible for all other Medi-Cal covered services. Remember, the look-back period does not apply to those assets that are exempt (also called "not countable"). The most common exempt asset is the individual's principal residence.

The period of ineligibility is deter-

mined by dividing the average private pay rate (APPR) in California, currently \$4,163, into the value of the transferred non-exempt asset. Let's take a look at the following example:

Example: Ten months prior to Ms. Peabody's (a single individual) application to Medi-Cal to pay for her stay at Sunnyside Nursing Facility, she transferred \$200,000 from her bank account to her son John. She meets all other eligibility requirements for Medi-Cal. Would Ms. Peabody have a period of ineligibility for payment to the nursing facility as determined by her eligibility worker? If so, what would be the period of ineligibility?

Yes, Ms. Peabody would have a period of ineligibility of 21 months. Here's how it is calculated:


The first step taken by the eligibility worker would be to determine the maximum period of ineligibility. This is accomplished by dividing the value of the \$200,000 non-exempt transfer by the APPR for 2001, which is \$4,163. For this example, the calculation results in 48 months. OBRA 93 (Omnibus Budget Reconciliation Act) lifted the ceiling on the maximum period of

ineligibility. Remember, however, that the maximum period of ineligibility in California is still 30 months.

In this example, the transfer took place 10 months prior to Ms. Peabody's application for Medi-Cal. In determining the actual period of ineligibility, the eligibility worker would start counting beginning with the 10th month and continue through the 30th month. The ineligibility period would thus be 21 months. Medi-Cal would not begin to pay for Ms. Peabody's nursing facility costs until another 21 months had passed.

The period of ineligibility is always the lesser of one of the following:

- 30 months; or
- the number of months obtained by dividing the value of the transfer by the APPR; or
- the difference between 30 months from the date of the transfer and the date of application for Medi-Cal benefits, inclusive.

In other states, the look-back period and the period of ineligibility may differ from that used in California. 

Clip out *Art Work*

Clip out the logo and use it on your direct mailing materials, fliers or any client correspondence.




Received required training in



SB 870 (cont'd from front page)

of long-term care insurance policies and significantly increases consumer benefits."

Other provisions under the new law include removing mental illness as an exclusion from long-term care insurance and reducing the triggers from three to two activities of daily living (ADLs) for nursing facility eligibility. The bill also prohibits insurance companies from deducting claims cost from the lifetime benefit maximum when calculating the annual inflation adjustments. For more information about this legislation or to view the full text of the bill, visit www.leginfo.ca.gov. 

Director's Message (continued from front page)

and radio stations throughout California. We have also arranged print advertising and direct mail campaigns. Educating the consumer by stressing retirement preparation and planning for long-term care is an important mission of the Partnership.

Medi-Cal Asset Protection

Keith Parsley, Analyst, made a comprehensive presentation on Medi-Cal asset protection, including examples of Medi-Cal eligibility, treatment of income, share-of-cost, and asset protection. You'll find details on the Medi-Cal look-back period in the "Q&A: Medi-Cal Eligibility & Estate Recovery" on page 4 of this newsletter. The January 2001 Agent Alert includes an example of a share-of-cost case. You can also refer to the March 2001 LTC Alert to learn how Medi-Cal treats income to help individuals remain in a residential care facility.



Care Coordination

Care coordination is an important benefit of all Partnership-certified policies. I explained why this benefit is so meaningful and must be included in all Partnership-certified policies.

Care coordination takes an all-inclusive look at a person's total needs and resources and helps him or her with a full range of appropriate services. A care coordinator uses all available sources, both formal and informal, to help an individual plan and manage their care, even during

the elimination period, so that insurance benefits last as long as possible. In addition, should policy benefits run out, the care coordinator will develop a discharge plan to help the person access services if long-term care is still needed.

Senate Bill 870 and Residential Care Facilities for the Elderly

Brenda Bufford, Deputy Director, presented the highlights of SB 870, legislation packed with consumer benefits that will affect all long-term care insurance policies. To find out more about the bill and the consumer protections, see the cover article in this newsletter entitled, "Added Protection, Flexibility Ushered in Under New Law for Long-Term Care Insurance Policyholders." In addition, our January 2001 Agent Alert, which spotlights Residential Care Facilities for the Elderly, illustrates the direct effect that the 70 percent benefit will have on policyholders.

Partnership Web Site

Raul Moreno, our Research Specialist, presented an overview of the Partnership's Web site, which offers many services to you and your clients. Surprisingly, most agents attending the seminars had never visited the Partnership's Web site. Our Web site is loaded with information that you can use. I encourage you to check it out at www.dhs.ca.gov/cpltc.

Understanding the Consumer

Lisa Kale, our consumer education specialist, provided results on the consumer focus groups that were recently conducted by the CPLTC. Of great interest to the Partnership, the focus groups explored how or if adult children discussed the subject of long-term care with their parents. Our findings are also presented in the June 2001 LTC Alert.

With the focus group results the Partnership plans to develop a brochure focusing on information for



Congratulations to these outstanding professionals who sold over 20 policies during a recent six month period.

**Renee Brown
William Cole
Harold Draper
Carol Gattuso
Barbara Hanson
James Housman
Carl Kissinger
Patricia Nichols
Anna M. Storm
Bill Terstegge
James Valentine
Neville Verster**

adult children of seniors as both influencers and purchasers. We will create a new, shorter video and pursue consumer education through media channels by writing press releases, conducting media tours and using radio public service announcements.

Marketing Roundtable Discussions

The Marketing Roundtable Discussions provided an excellent forum for asking questions to successful long-term care insurance specialists. These top producers shared personal stories and presented sales techniques that have been effective for them. Look for their tips in the next issue of Partnership News.

Thank you for your continued support of the California Partnership for Long-Term Care and all of our continuing education programs. Let me know what you would like to learn more about in future seminars. ■



CALIFORNIA
PARTNERSHIP
NEWS is published
biannually by the

California Partnership for Long-Term Care as an educational service to agents and brokers.

EDITOR: Lisa Kale

PARTNERSHIP STAFF:

Sandra Pierce-Miller, Project Director

Brenda Bufford, Deputy Project Director

Lisa Kale, Analyst

Keith Parsley, Analyst

Jack Sanders, Analyst

Raul Moreno, Research Program Specialist

For more information:

California Partnership for Long-Term Care
1801 7th Street
Sacramento, CA 95814
(916) 323-4253
(916) 323-4238 Fax
Web site: www.dhs.ca.gov/cpltc

PARTICIPATING INSURERS:

Bankers Life and Casualty
(888) 2828-BLC

CalPERS Long-Term Care Program
(800) 205-2020

CNA Insurance
(800) 262-0348

GE Financial Assurance
(800) 354-6896

New York Life Insurance
(800) 224-4582

Transamerica Occidental Life Insurance
(800) 690-2758




A PROGRAM OF THE CALIFORNIA DEPARTMENT OF HEALTH SERVICES

Partnership Retains Additional Care Coordinator

The California Partnership for Long-Term Care is pleased to announce *Long Term Solutions* of Sudbury, MA as the newest addition to the Care Management Provider Agency family. The other CMPA's include Capitated Health Care Services, Inc. of Weston, FL, and Family Caring Network of Waltham, MA.

Care coordination is a crucial part of the planning process for all successful long-term care management plans. The Care Management Provider Agencies assist clients with securing and coordinat-

ing the needed care. This is especially important because many individuals may have functional or cognitive limitations and would not be able to manage their care on their own. Additionally, care coordination in conjunction with a policy offering interchangeable benefits and a "bucket of money" is of major value to the policyholder because it provides the opportunity to extend the insurance benefit through the efficient use of coordinated formal and informal care. 

In Brief...

WANTED!

Insurance professionals who have sold 50 or more CPLTC policies between July 1, 2000 and June 30, 2001. Call the Partnership office at (916) 323-4253 and give us your name and the number of policies you sold during these twelve months. Producers who respond will be recognized in the next issue of *Partnership News*.

NEW LEGISLATION

AB 1178 -- This bill would postpone the effective date of SB 870 from July 1, 2001 to October 1, 2001. This bill is pending approval by the legislature and Governor Davis.

HR 1041 -- Federal legislation amends Title XIX of the Social Security Act to permit additional states to enter into long-term care partnerships under the Medicaid program in order to promote the use of long-term care insurance. This legislation overturns OBRA 93. Introduced in the House of Representatives by Peterson of Pennsylvania.

S 627 -- A Federal bill which amends the Internal Revenue Code of 1986 to allow individuals a tax deduction for qualified long-term care insurance premiums, use of such insurance under cafeteria plans and flexible spending arrangements, and a tax credit for individuals with long-term care needs. Reintroduced by Grassley of Iowa; referred to Senate Committee on Finance on March 27, 2001. (Source: U.S. Government Printing Office)



California continues to experience electrical shortages that threaten rolling blackouts. To reduce the risk of power outages, the most important thing you can do is reduce your demand for electricity and use energy more efficiently.